

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	HB 81
Fiscal Note Number:	1
(H) Publish Date:	2/18/2021

Identifier: 0706-DNR-DOG-1-27-21
Title: OIL/GAS LEASE:DNR MODIFY NET PROFIT
SHARE
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Natural Resources
Appropriation: Oil & Gas
Allocation: Oil & Gas
OMB Component Number: 439

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable; Initial version

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION**Analysis**

The bill allows the Commissioner of the Department of Natural Resources to adjust the Net Profit Share rate through royalty modification to incentivize additional resource development that may otherwise not be economically viable.

This bill is limited to existing leases that are Net Profit Share Leases (NPSL). Any changes from this bill are assumed to only impact NPSL payments in the future, not retroactively. The proposed bill does not change any programs within the Department of Natural Resources.

Modification of NPSLs has the potential to generate revenue in the form of royalties, taxes, or net profit share agreements. Because it is not possible to predict the economic conditions under which the state would seek royalty modifications of net profit share leases and because the economic considerations of individual leases vary on a case-by-case basis, the revenue impact of this legislation is indeterminate.